

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHER DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	Chapter 11
	§	
FIELDWOOD ENERGY LLC, et	§	Case No. 20-33948 (MI)
al.,¹	§	
	§	Jointly Administered
Debtors.	§	
	§	Re: Docket Nos. 1284

ENERGY TRANSFER’S RESERVATION OF RIGHTS

Sea Robin Pipeline Company, LLC, West Cameron Dehydration Company, L.L.C., Florida Gas Transmission, LLC, Stingray Pipeline Company, L.L.C., Trunkline Gas Company, LLC, and Trunkline Field Services LLC (collectively, “Energy Transfer”) hereby file this Reservation of Rights with respect to the *Fourth Amended Joint Chapter 11 Plan of Fieldwood Energy LLC and Its Affiliated Debtors* (as supplemented and/or amended, the “Plan”).²

Energy Transfer is mindful that this Reservation of Rights may be considered untimely, but Energy Transfer and the Debtors have been in the process of reconciling Energy Transfer’s contracts and cure amounts and negotiating several trade agreements, which process and negotiations are still ongoing with several issues remaining outstanding. Depending on whether certain of Energy Transfer’s contracts are assumed or rejected, that determination may moot

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422). The Debtors’ primary mailing address is 2000 W. Sam Houston Parkway S., Suite 1200, Houston, TX 77042.

² Capitalized terms used but not defined in this Objection shall have the meanings given them in the Plan, Disclosure Statement, or Energy Transfer’s Objection to Notice to Contract Parties to Executory Contracts and Unexpired Leases of the Schedule of Assumed Contracts and Cure Amounts and Reservation of Rights (the “Cure Objection”), as applicable.

Energy Transfer's concerns. Nonetheless, because multiple requests to include certain protective language in the confirmation order that would preserve the status quo have gone unanswered, Energy Transfer feels compelled to file this Reservation of Rights.

BACKGROUND

1. Energy Transfer is a party to approximately forty (40) contracts with the Debtors. In addition, Energy Transfer holds cash collateral in excess of \$1 million with Debtor Fieldwood Energy LLC, which cash collateral is allocated among three Energy Transfer entities.

2. On June 4, 2021, Energy Transfer filed the Cure Objection, objecting to the vague and duplicative nature of the descriptions of the Energy Transfer contracts contained in the Debtors' schedules of contracts to be assumed and assumed and assigned. While Energy Transfer is aware of only approximately 40 contracts with the Debtors, the Debtors' schedules include over 200. Following the filing of the Cure Objection, the Debtors initiated discussions with Energy Transfer in an attempt to reconcile the contracts and schedules, as well as negotiate several trade agreements. As of the date of the filing of this Reservation of Rights, the reconciliation process and trade agreement negotiations are ongoing.

II. RESERVATION OF RIGHTS

3. In light of the pending discussions between Energy Transfer and the Debtors with respect to the Energy Transfer contracts and cure amounts, and the negotiation of the trade agreements, Energy Transfer requests that the status quo of its cash collateral be preserved.

4. A reading of the relevant provisions in the Plan leaves open the question of whether confirmation of the Plan would discharge Energy Transfer's right to continue to hold the cash

collateral and exercise its right of setoff.³ While it appears that Energy Transfer's rights to continue to hold the cash collateral and exercise its setoff rights, if necessary, are preserved, there is at least an internal inconsistency in the Plan that could support a contradictory interpretation. To avoid such a result, Energy Transfer has proposed to the Debtors the inclusion of the following language in the confirmation order:

Notwithstanding anything in the Plan, Plan Supplement, Confirmation Order, or any Plan-related document, Energy Transfer's rights of setoff and recoupment, as well as its rights with respect to cash collateral or credit support provided by or in respect of the Debtors, are hereby preserved and shall not be impaired, conditioned, limited, released, discharged, enjoined, or otherwise prejudiced or diminished in any manner whatsoever by entry of this Confirmation Order, the confirmation or consummation of the Plan and related transactions, or the discharge of any Claims under the Plan.

5. The inclusion of this language will not prejudice either party pending discussions concerning the Energy Transfer contracts and cure amounts and negotiation of the trade agreements.

³ See Plan, Arts. 1.1 (definition of "Cause of Action"), 10.3 (Discharge provision), and 10.6 (Plan Injunction provision).

Dated: June 16, 2021

Respectfully submitted,

/s/ Yelena Archiyan

John E. Mitchell, SBN: 00797095

Michaela C. Crocker, SBN: 24031985

Yelena Archiyan, SBN: 24119035

KATTEN MUCHIN ROSENMAN LLP

2121 N. Pearl St., Suite 1100

Dallas, TX 75201

Telephone: (214) 765-3600

Email: john.mitchell@katten.com

Email: michaela.crocker@katten.com

Email: yelena.archiyan@katten.com

COUNSEL FOR ENERGY TRANSFER

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing objection was served electronically via the Court's Electronic Case Filing (ECF) System on June 16, 2021.

/s/ Yelena Archiyan

Yelena Archiyan